

Fair Political Practices Commission
MEMORANDUM

To: Chairman Johnson, Commissioners Hodson, Huguenin, Leidigh and Remy

From: Lawrence T. Woodlock, Senior Commission Counsel
Scott Hallabrin, General Counsel

Subject: Draft Advice Letter Relating to Payments by Sponsors for Fundraising Events Conducted Through Their Sponsored Committees

Date: May 29, 2007

Proposed Commission Action(s): Review the draft advice letter attached to this memorandum. At the May meeting, the Commission directed staff to prepare this letter to answer certain questions posed by Mr. Bell on the reporting obligations of sponsored committees.

Discussion: Last month, Charles H. Bell, Jr. argued for an interpretation of Section 85303 and/or Regulation 18215(c)(16) that would exempt sponsors' payments of committee fundraising costs from the contribution limits set by Section 85303. The Commission declined to reverse staff advice on the issue, and opted instead to calendar development of a regulation clarifying the scope of Section 85303. To compensate in part for the delay imposed by formal rulemaking, the Commission directed staff to answer a series of eleven questions posed by Mr. Bell last year, probing the boundaries between "costs of administration" that fall under the exemption of Regulation 18215(c)(16), and costs of fundraising that are not exempt "costs of administration." The attached draft sets out staff's responses to each of those questions.

Recommendation: Approve the draft advice letter as written.